

Spotlight: **climate change**

Climate change is a global risk that has had, and will continue to have, ramifications around the world. From physical risks such as flooding, droughts and cyclones, at QBE we see first-hand the damaging consequences of the effects of climate change on people and communities. We are also aware of transition risks, such as those associated with changes in policy, laws, technology, and markets.

Our role as an international insurance and reinsurance company is to give people the confidence to achieve their ambitions. This means that we provide customers, communities and people with the ability to recover from natural catastrophes and other severe weather-related events.

QBE accepts the Intergovernmental Panel on Climate Change's scientific reports and we support the landmark agreement forged at the United Nations Framework Convention on Climate Change Conference of the Parties in Paris in 2015, which seeks to combat climate change and intensify action and investment in transitioning to a low carbon future.

In early 2018, QBE became a signatory to the public Statement of Support for the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD's recommendations are structured around four core elements of how companies operate: governance, strategy, risk management, and metrics and targets. These elements establish a strong and consistent framework for improving climate-related risk management and disclosure.

In 2018, our Climate Change Working Group (CCWG) undertook a high-level impact assessment of climate-related risks and opportunities for QBE and our customers over the short, medium and longer terms.

Following this analysis, in August 2018, we detailed a plan to implement the recommendations of the TCFD and enhance our disclosure of climate-related risks and opportunities for our business over a three-year period.

In 2018, we reviewed and strengthened our governance around climate risk management

by assigning specific responsibilities to the Group Board and Management. We also created an ESG Risk team to support the CCWG and manage the day-to-day implementation of our Climate Change Action Plan. The ESG Risk team also collaborates with key functions across the business to assess and monitor our ongoing exposure to climate-related risks and identify new opportunities to help our customers.

As an institutional investor, we contribute to a low-carbon economy by financing renewable energy infrastructure and investing in green finance in both our wider portfolio and through our impact investment program, Premiums4Good. We provide insurance coverage for renewable energy projects globally and will seek further opportunities to do so in the future.

Climate change is a significant global risk and presents challenges and opportunities for our business and our customers. We are supporting our customers in the transition to a low carbon economy, consistent with the Paris Agreement, and we are delivering against our plan to implement the recommendations of the TCFD, which will enhance our climate-related management and disclosure. We also know that global challenges require global solutions, so we are very pleased to be collaborating closely with our peers in the international insurance industry and through a number of critical international forums.

In 2018, we also undertook an analysis of our exposure to coal through the Group's \$23 billion investment portfolio. We identified that we have less than 1% of our total portfolio in coal-related assets. In addition, our Group Investments team initiated dialogue with the largest greenhouse gas emitters in our credit portfolio and with our external investment managers in relation to their commitment to implementing the TCFD recommendations. More information on this can be found in the Climate Change Action Plan section of our [2018 Annual Report](#).



QBE also recognises the value of partnerships when it comes to tackling the challenges and opportunities in this important area. In 2018, through our venture capital arm, QBE Ventures, we partnered with Jupiter Intelligence (Jupiter), an emerging leader in predicting and managing climate risk. Jupiter provides data and analytics services to better predict and manage risks from weather and rising sea levels, storm intensification and changing temperatures caused by medium to long-term climate change. We will be working closely with the Jupiter team to find innovative ways to leverage their data and analytics across our business - from underwriting and pricing, to providing resilience management and thought leadership to our customers across the globe.

We believe in the importance of collaboration and are working with the insurance and broader finance industry on a number of working groups and initiatives to advance action on climate change. This includes joining with 17 other global insurers and the United Nations Environment Programme - Finance Initiative in a new pilot to develop analytical tools to further support us in our climate risk disclosures that are in line with the TCFD recommendations. The pilot will make use of the latest climate science, including some of the most advanced, forward-looking climate scenarios available.

Our commitment to carbon neutrality

In 2018, we achieved carbon neutrality for our business operations through reducing our air travel and purchasing offsets in relation to our residual emissions through the Qantas Future Planet program. We have also committed to reduce our total air travel by 20% by 2021 (from a 2017 baseline).



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